

Washington State Auditor's Office
Accountability Audit Report

City of Bainbridge Island
Kitsap County

Audit Period
January 1, 2003 through December 31, 2003

Report No. 67521

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Washington
State Auditor
Brian Sonntag

Audit Summary

City of Bainbridge Island Kitsap County January 1, 2003 through December 31, 2003

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Bainbridge Island for the period January 1, 2003, through December 31, 2003.

We performed audit procedures to determine whether the City complied with state laws and regulations and its own policies and procedures. We also evaluated the internal controls established by City's management. Our work focused on specific areas that have potential for abuse and misuse of public resources.

RESULTS

The City complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

RELATED REPORTS

Our opinion on the City's financial statements and compliance with federal program requirements is provided in a separate report, which includes the City's financial statements.

CLOSING REMARKS

We thank City officials and personnel for their assistance and cooperation during the audit.

Table of Contents

City of Bainbridge Island
Kitsap County
January 1, 2003 through December 31, 2003

Description of the City 1

Audit Areas Examined..... 3

Description of the City

City of Bainbridge Island Kitsap County January 1, 2003 through December 31, 2003

ABOUT THE CITY

The City of Bainbridge Island serves approximately 21,000 citizens in Kitsap County. It is administered by a mayor-council form of government with seven elected Council Members and an independently elected Mayor. During 2003, the City operated on a \$32.1 million annual budget. Its 125 full-time employees provide an array of services including water, sewer and storm drainage, Municipal Court, street maintenance, parks, community service programs, and planning and economic development. The City contracts for fire protection, jail services and emergency medical services. A private company provides solid waste collection.

AUDIT HISTORY

Typically, we audit a city of this size annually. However, in the past, we have been unable to perform annual audits of the City due to untimely annual financial reports. The audit cycle has ranged from one to four years. For 19 of the past 23 years, the City has received a finding for late financial statements. During the fiscal year 2002 audit, we noted the City lacked adequate controls over timely and accurate financial statement reporting. The City has taken steps to make improvements and correct conditions noted in this finding. During the 2003 audit, we noted the City established procedures to improve its operations and established needed internal controls. We believe this reflects the City's desire and commitment to maintain a strong financial system.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor

Council Members:

Darlene Kordonowy

Lois Curtis (through 2003)

Bill Knobloch

Michael Pollock (through 2003)

Christine Rolfes

Deborah Vancil

Deborah Vann

Norm Wooldridge (through 2003)

Nezam Tooloee (since 2004)

Jim Llewellyn (since 2004)

Bob Scales (since 2004)

APPOINTED OFFICIALS

City Administrator

Lynn Nordby (through July 2003)
Lee Walton (Interim through May 2004)
Mary Jo Briggs (since June 2004)
Ralph Eells (through February 2004)
A.J. Housler (Interim through July 2004)
El Ray Konkel (since August 2004)

Finance Director

ADDRESS

City

280 Madison Avenue North
Bainbridge Island, WA 98110
(206) 780-8668
(206) 842-5741 (fax)
www.ci.bainbridge-isl.wa.us

Audit Areas Examined

City of Bainbridge Island Kitsap County January 1, 2003 through December 31, 2003

In keeping with general auditing practices, we do not examine every portion of the City of Bainbridge Island's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the City were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the City's accountability in the following areas:

- Cash receipting
- Petty cash, change and revolving accounts
- Cash disbursements
- Payroll
- Fixed assets
- Purchase of goods and services
- Financial statement preparation and journal entries

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Deposit and investment of public funds
- Required financial schedules
- Risk management
- Budgeting requirements
- Ethics/conflict of interest laws
- Open Public Meetings Act
- Allowable expenditures
- State grants
- Competitive bidding requirements
- Public works contracts
- Property room requirements
- Seized and forfeited property
- Citation accountability

FEDERAL PROGRAMS

We evaluated internal controls and tested compliance with federal requirements, as applicable, for the City's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report.

FINANCIAL AREAS

Our opinion on the City's financial statements is provided in a separate report. That report includes the City's financial statements and other required financial information. We examined the financial activity and balances of the City including:

- Cash and investments
- Revenues
- Expenditures
- Long-term debt
- Overall presentation of the financial statements